

# Newsletter – October 2010

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## ***Clean Up Your Credit!*** ***Are your debts in good standing?***

Your credit history affects a number of aspects of your life, from getting a mortgage to the rate you pay on a new car loan-possibly even a prospective employer's opinion of you. Each year, you're entitled to a free credit report from each of the three major credit bureaus: Equifax, Experian and TransUnion. For a small fee, you can request your credit score, a three-digit number that reflects how responsible you are as a borrower.

Credit scores range from 300 to 850. Your score could mean the difference between a larger and a smaller monthly payment on a new loan, so pay attention to it. Paying all of your bills on time and keeping your credit balances low are steps you can take to improve your score. If you're having trouble paying bills, ask your creditor if you can work out a payment plan.

## ***Stretch Your Paycheck***

No matter how much you make, a few tips can help your income go further. Scrutinize your cell-phone bill to make sure you need the features you're paying for, and consider a prepaid plan if you don't use all of your minutes. To cut payments for auto and home insurance, raise your deductibles. Your auto-insurance premium, for example, would go down by 15% or more if you boosted your deductible from \$250 to \$1,000. Sell furniture, baby gear and anything else you don't want on Craigslist or eBay. Find out the potential savings if you refinance your mortgage; interest rates are at their lowest level in decades. Check with several lenders, and then use the "Am I better off refinancing?" calculator at Kiplinger.com to decide whether it's worth it. Another idea; Sell you second (or third) car. Even if you don't get a lot of cash, you won't have to pay for the license plates, insurance, repairs and gas any longer. Go to Edmunds.com to see what kind of price you could get.

## ***Adjusting Sales Tax***

Did you know sales tax is reported under the accrual basis? This means that you pay sales tax on sales you have made, but not necessarily gotten paid for if you invoice your customers. So say you make a sale in March and pay in your sales tax by the 20<sup>th</sup> of April. Now it's December and you know that customer is never going to pay you. What do you do....you write off the invoice. Well now, you've already paid in the sales tax that you never received from your customer which is money out of your pocket. The state does understand. They allow you to make an adjustment on your sales tax return and get your money back. So if our office processes your sales tax and you have write-offs, you need to let us know ASAP. If you do your own sales tax and need help making this adjustment, please let us know. Here is the states "official" instructions: How does a retailer report a bad debt or uncollectible account? A retailer reports a bad debt or an uncollectible account by taking a deduction on the sales tax return for the sales price of property on sales of which are actually charged off as a bad debts or uncollectible accounts for state income tax purposes.

## ***Getting Ready To Retire? Spruce Up Your Finances!***

*A plan to help you save more*

In a recent AARP survey, nearly 20 percent of Americans age 45 or older said that they had prematurely withdrawn funds from their workplace retirement savings accounts and IRAs in 2009. Read on to find out what you can do to help keep your nest egg growing.

### ***1. GET RID OF CREDIT CARD DEBT***

The sooner you eliminate outstanding balances, the less interest you'll have to pay to your lenders. You might consider using a home equity line of credit or another low-interest rate loan to pay off the high- interest rate debts.

### ***2. SAVE FOR EMERGENCIES***

A good rule of thumb is to accumulate three to six months' worth of day-to-day expenses in an easily accessible account, such as a money market account. If you're worried about losing your job, consider making eight months' worth your goal.

### ***3. BOOST YOUR CONTRIBUTIONS***

Increasing contributions to your retirement account by one percentage point each year can have a dramatic impact on its growth. Let's say you earn \$50,000 a year and you start contributing one percent of that salary to your 401 (k) now. If you increase your contributions by one percentage point each year thereafter for 20 years, your account could grow to \$255,173.

In today's challenging economy, it pays to manage your money wisely.

## ***Sales Tax Holiday***

This two-day sales tax holiday applies to purchases of handguns (as defined in Code Section 16-23-10(1)), rifles and shotguns and will take place on the Friday and Saturday after Thanksgiving - November 26th and 27th of 2010.

## ***Attention: Employers***

**Getting ready to hire a new employee?** Just as a reminder, if you are hiring a new employee, begin your reference check with a potential employee's most recent employers. Recent contacts can attest to a candidate's current skills and personality. This may also provide pertinent information to potential problems you may not be aware of. Do your homework!

## ***IRA Trap for a Surviving Spouse***

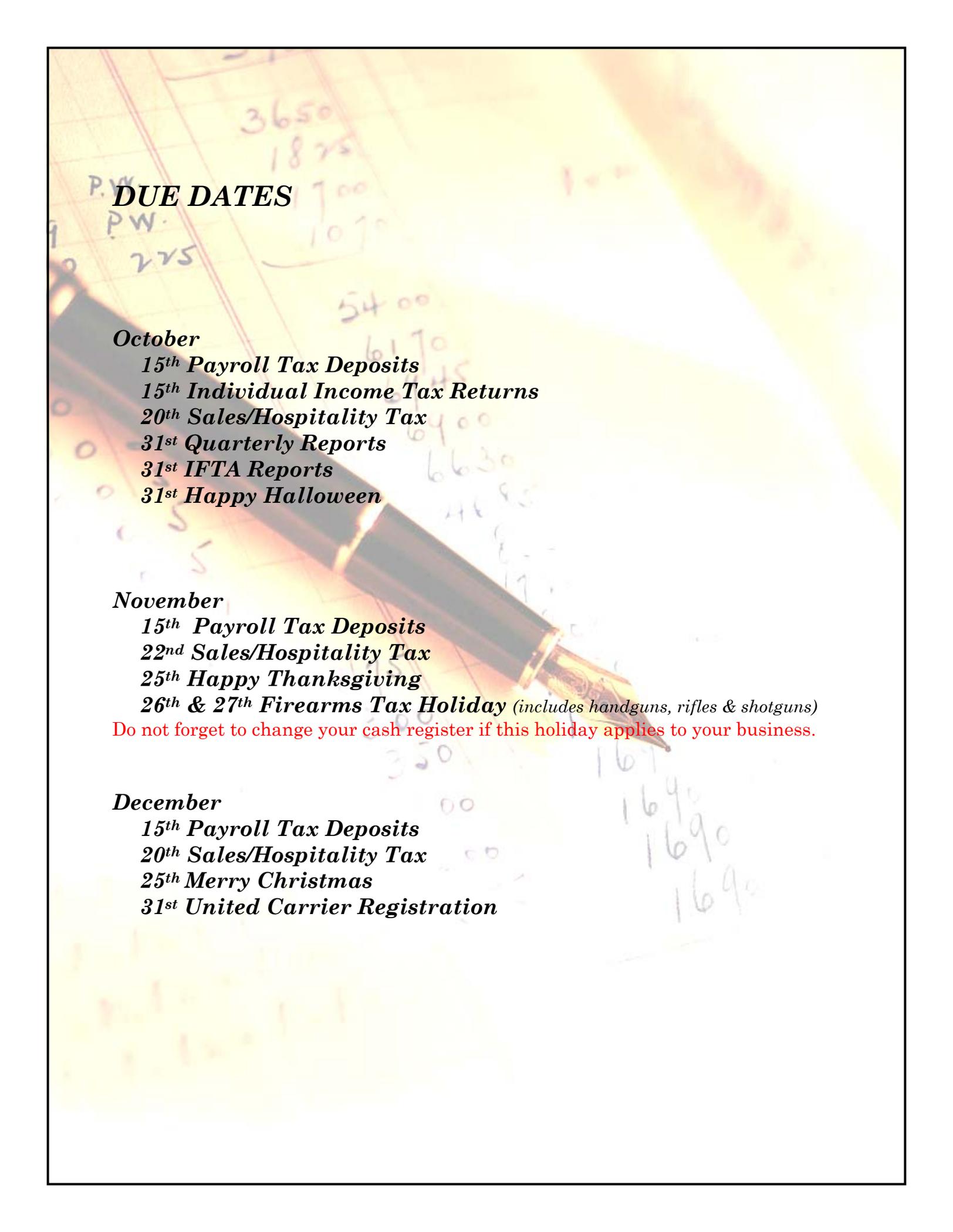
Watch out if you roll a late spouse's IRA into yours before you turn 59 ½. Doing so will void an exception to the 10% penalty on early distributions. Normally, there's no penalty on payouts to an heir, no matter his or her age. But if you're a widow or widower and you roll the balance into your own IRA, the regular 59 ½ age restriction comes back into play. If you'll need to tap the money before you hit the age, leave it in the inherited account.

## ***In the IRS's Sight***

The tax agency will conduct more correspondence exams - limited audits by mail that typically focus on a small number of issues. Key areas that are ripe for challenge: employee business expenses, the earned income tax credit, large charitable deductions and the tax credits for home buyers. Deductions claimed by self-employed taxpayers are also being eyed, particularly write offs for advertising, vehicles, meals and entertainment.

## ***Long-Term Care***

Deduct more premiums. You can deduct more of your long-term-care premiums as a medical expense in 2010. Taxpayers 71 and older can now claim up to \$4,110, seniors 61 to 70 can claim up to \$3,290, while people 51 to 60 can deduct up to \$1,230.



## ***DUE DATES***

### ***October***

- 15<sup>th</sup> Payroll Tax Deposits***
- 15<sup>th</sup> Individual Income Tax Returns***
- 20<sup>th</sup> Sales/Hospitality Tax***
- 31<sup>st</sup> Quarterly Reports***
- 31<sup>st</sup> IFTA Reports***
- 31<sup>st</sup> Happy Halloween***

### ***November***

- 15<sup>th</sup> Payroll Tax Deposits***
- 22<sup>nd</sup> Sales/Hospitality Tax***
- 25<sup>th</sup> Happy Thanksgiving***
- 26<sup>th</sup> & 27<sup>th</sup> Firearms Tax Holiday*** *(includes handguns, rifles & shotguns)*

**Do not forget to change your cash register if this holiday applies to your business.**

### ***December***

- 15<sup>th</sup> Payroll Tax Deposits***
- 20<sup>th</sup> Sales/Hospitality Tax***
- 25<sup>th</sup> Merry Christmas***
- 31<sup>st</sup> United Carrier Registration***